

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### DEFENCE REFORM BILL

*Thirteenth Sitting*

*Tuesday 22 October 2013*

*(Morning)*

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CLAUSES 42 and 43 agreed to.

SCHEDULE 6 agreed to.

CLAUSE 44 under consideration when the Committee adjourned till this day at Two o'clock.

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**The Committee consisted of the following Members:**

*Chairs:* †MR GRAHAM BRADY, ALBERT OWEN

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| † Brazier, Mr Julian ( <i>Canterbury</i> ) (Con)                                 | † Jones, Mr Kevan ( <i>North Durham</i> ) (Lab)                          |
| † Brown, Mr Russell ( <i>Dumfries and Galloway</i> ) (Lab)                       | † Lancaster, Mark ( <i>Lord Commissioner of Her Majesty's Treasury</i> ) |
| † Colvile, Oliver ( <i>Plymouth, Sutton and Devonport</i> ) (Con)                | † Mordaunt, Penny ( <i>Portsmouth North</i> ) (Con)                      |
| Docherty, Thomas ( <i>Dunfermline and West Fife</i> ) (Lab)                      | † Pawsey, Mark ( <i>Rugby</i> ) (Con)                                    |
| Donaldson, Mr Jeffrey M. ( <i>Lagan Valley</i> ) (DUP)                           | † Phillipson, Bridget ( <i>Houghton and Sunderland South</i> ) (Lab)     |
| † Dunne, Mr Philip ( <i>Parliamentary Under-Secretary of State for Defence</i> ) | † Seabeck, Alison ( <i>Plymouth, Moor View</i> ) (Lab)                   |
| † Ellwood, Mr Tobias ( <i>Bournemouth East</i> ) (Con)                           | † Wheeler, Heather ( <i>South Derbyshire</i> ) (Con)                     |
| Gilbert, Stephen ( <i>St Austell and Newquay</i> ) (LD)                          | † Woodcock, John ( <i>Barrow and Furness</i> ) (Lab/Co-op)               |
| † Hamilton, Mr David ( <i>Midlothian</i> ) (Lab)                                 | Georgina Holmes-Skelton, <i>Committee Clerk</i>                          |
| † Harvey, Sir Nick ( <i>North Devon</i> ) (LD)                                   |  |
| † Hinds, Damian ( <i>East Hampshire</i> ) (Con)                                  | † <b>attended the Committee</b>  |

## Public Bill Committee

Tuesday 22 October 2013

(Morning)

[MR GRAHAM BRADY *in the Chair*]

### Defence Reform Bill

#### Clause 42

##### RENAMING OF ARMY RESERVE AND TERRITORIAL ARMY

8.55 am

*Question proposed*, That the clause stand part of the Bill.

**The Parliamentary Under-Secretary of State for Defence (Mr Philip Dunne):** I am delighted to see you back in your place, Mr Brady, and to see the Committee here today. I welcome the hon. Member for North Durham, who is leading for the Opposition on this part of the Bill. No doubt he will keep the Committee busy today.

As we begin our consideration of part 3, I shall make a few remarks to set the scene for the proposed changes. The clause will change the name of the Army's volunteer Reserve force from "the Territorial Army" to "the Army Reserve". We are changing the name because "Territorial Army" does not reflect the planned future role of the Army's Reserve force, which was set out in the White Paper published in July.

The name "Territorial Army" suggests a force based in this country whose main duty is home defence, but that is not how the Reserves are used now, or how they have been used for several years, and we want to use the opportunity presented by the Bill to put in place a more appropriate name as part of a wider package of changes to the Reserve forces. The name "Army Reserve" better reflects the more significant and operational role that will be required of the Reserve. As an integral part of the armed forces, Reservists will be required for almost all military operations, often as small numbers of individuals, but also—principally in the Army's case and as the situation demands—as formed sub-units. That will range from short-notice contingent operations to longer-term enduring operations, as well as other activities supporting wider foreign policy aims or to meet standing commitments at home or abroad.

The clause also changes the name of the Army's ex-Regular Reserve force from "the Army Reserve" to "the Regular Reserve". The ex-Regular Reserve force is made up of ex-Regular personnel who, on leaving the Regular forces, retain a liability to be mobilised, so the proposed new name better reflects the composition of that force.

The clause also makes necessary consequential provision with respect to references in legislation to the old names. After the name change, references to the Army's volunteer Reserve force, the Territorial Army, are to be read as "the Army Reserve", and references to the Army's

ex-Regular Reserve force, the Army Reserve, as "the Regular Reserve". We expect the name changes to come into force in the latter half of 2014.

**Oliver Colville** (Plymouth, Sutton and Devonport) (Con): What is the proposal for the Navy and the Royal Marines? Will they have similar names?

**Mr Dunne:** I am grateful to my hon. Friend for asking about the other forces; he no doubt represents many members of the Royal Naval Reserve. The intent is for the name changes to affect only the Army Reserve, and the RNR and the Royal Auxiliary Air Force Reserve will remain named as they are. It is unfortunate for readers of the Bill that we are using "Regular Reserve" in its new form, changing the name from one type of Regular Reserve to another. That is confusing and it can be difficult to understand which Regular Reserve we are talking about. However, I hope to make that clear today, but if anyone requires help in ascertaining which Regular Reserve we are discussing, please do not hesitate to ask.

The changes made by the clause relate only to the Army Reserve and other Reserve forces will have no changes in name under the Bill. Renaming the Territorial Army might seem a small change, but it has importance. In particular, the new name "Army Reserve" will better reflect that force's integral place in the whole force and therefore be important in promoting the required integration with the Regular forces under the whole-force concept. The change, therefore, is not cosmetic; it is part of a package that is required to modernise our Reserve forces.

9 am

As part of the consultation following the publication of the Green Paper on the future of the Reserves in November 2012, we received more than 2,500 responses on the proposed name change, with nearly 1,700 in favour. In particular, the Committee might wish to note that it was clear from the consultation that those in the Reserve forces who responded strongly support the change of name, with 1,259 of the 1,750 Reservists who responded in favour.

We all recognise and value the service that the Territorial Army has given—not least by serving Members of the House, some of whom are on the Committee—over the past 105 years. We applaud them for their service. The name change is meant not to belittle that heritage, but to emphasise the more prominent role that our Reserve forces now play, and indeed have played during periods of crisis throughout their history. With the exception of one or two individual units, the change will not affect the historical and traditional titles borne by different elements of the TA. With those remarks, I would like to offer other members of the Committee an opportunity to speak.

**Mr Kevan Jones** (North Durham) (Lab): It is a pleasure to serve under your chairmanship again, Mr Brady.

As the Minister outlined, clause 42 is a sensible measure to bring up to date the title of the TA to reflect exactly what it does. That is a little more than a rebranding exercise, but we will talk later about the subsequent changes in how the TA is organised. He mentioned the issue of tradition, and he will know that something a Minister changes at their peril within the military is the

name of a regiment or anything associated with it. It is therefore reassuring that members of the TA are embracing the name change.

As the Minister said, the clause reflects what has been evident for quite a while—certainly since 1967 when the TA was first tasked with overseas deployment. The traditional role, back in 1908 when the TA came into being following the Territorial and Reserve Forces Act 1907, was homeland defence. However, that changed very quickly with the advent of the first world war, in which the TA served with great distinction. We must also recognise the contribution that the TA made in the second world war and many subsequent conflicts. One example from the second world war is the disastrous invasion of Norway, where the TA played a gallant role, coming up against considerable German forces. In 1967, it was put into law that the TA could be deployed overseas, although that had been done over many years. The clause is a similar sensible move reflecting what the TA actually does.

When the right hon. Member for North Somerset (Dr Fox) was Secretary of State for Defence, wanted to reflect the fact that the TA would be on a par with the American reserve forces. We will discuss that later, along with some other issues, but although there is a name change, I think that the forces are very different in how they are organised.

I have a few questions to ask. First, there is the issue of the overseas territories. The Falkland Islands has a volunteer defence force that is paid for by the Falkland Islands Government. Although there are secondments from the Royal Marines to that unit, it does not come under the Army list. However, the Royal Gibraltar Regiment became part of the Army list in 1991 and its soldiers can be deployed on UK missions. When I was a Minister, I met members of the regiment in Afghanistan and Iraq, and I pay tribute to the contribution that individual soldiers from the Royal Gibraltar Regiment made in both those conflicts.

As I understand it, the regiment's structure is that it has a Regular headquarters company and two other Regular companies, G company and I company, but also a Territorial unit, B company. Will that company have to change its name under the clause? What consultation has there been with the Government of Gibraltar about that name change? Having dealt with Gibraltar, I know that any matter that affects it is very sensitive.

Do the changes that the clause makes to various other Acts change the role of the regiment? Individual soldiers from the regiment have been deployed to Iraq and to Afghanistan, alongside and as part of UK forces. The regiment has also been on joint exercises with UK forces in north Africa. Will changes under the Bill lead to changes to the deployment of the regiment's soldiers? For example, will a member of the B company Reserve force in the Gibraltar Regiment come under the regulations such that if there is, for example, some civil emergency in the UK they may be called up for deployment here? What is the status of soldiers in that regiment and what consultation on the matter has taken place with the Government of Gibraltar?

A related issue is the cost of the changes. The Government have earmarked £1.8 billion for changes to the Reserve forces, but anyone who has been through a

rebranding exercise knows that there is a cost involved, so what will that cost be? It will involve not only letterheads, but uniforms, signs and everything else. Again, appertaining to Gibraltar, where will the cost fall for the changes that the Royal Gibraltar Regiment will have to make if its B company is to be classed as a Reserve unit rather than a Territorial?

Aside from those issues, overall, the provisions make sense as regards the general thrust and direction of travel of the Bill and we shall not oppose them.

**Mr Julian Brazier** (Canterbury) (Con): This is my first contribution under your wise chairmanship, Mr Brady. I support the clause and what my hon. Friend the Minister, whom I am delighted to see leading on the clause, and the Government are trying to do with regard to the Reserve forces.

You have been indulgent from time to time, Mr Brady, both in our scrutiny and in the more formal phases of the Committee. As the clause is effectively the first of the rather separate section of the Bill on Reserves, I hope that you will allow me a little breadth when discussing it. I shall partly be following the lead set by the hon. Member for North Durham with his historical material, but will look specifically at the governance that arose from the 1907 Act and the lessons it has for today.

My hon. Friend the Minister and my right hon. Friend the Secretary of State have great ambitions for the Army Reserve, as it will be called—I support the new name. The Territorial Force was, as the hon. Gentleman said, established by Haldane's famous Act and came into being in 1908. However, there was disappointment at the recruiting outcome, because it had recruited only 250,000 by the outbreak of the first world war, so there were frustrations even then.

The Territorial Force brought the militia, the yeomanry and the fencibles together in a single organisation. At the heart of that arrangement were considerations of governance. I hope my hon. Friend the Minister will forgive me for saying this, but of the six strands of the original commission report, governance has fallen through the cracks. However, I strongly welcome the pledge of the Vice-Chief of the Defence Staff, which he partially repeated in a letter that the Committee has just received, to look again at the arrangements for appointing senior Reservists.

The Territorial Force was set up 1908 by people who had been across the Atlantic five years earlier to see the foundation of the National Guard Bureau. It was clearly understood that an assimilative structure run by the Regular Army would not work, and would not attract the best and the brightest from the civilian world. The county associations—now called reserve forces and cadets associations—were established and put in charge of recruiting and looking after the property of those organisations. That arrangement lasted for almost 100 years, until 2006.

The Reserves delivered 71 Victoria Crosses in the first world war, and in the second world war were involved in many exploits. An Army Reservist in the first world war, Bill Slim was our greatest general in the second. In the second world war, an Army Reservist, David Stirling, established the Special Air Service. More recently, in

[Mr Julian Brazier]

2003-04, the Reserves produced a fifth of our soldiers in Iraq at the peak point for the big push there, and an eighth of our soldiers in Afghanistan.

In 2006, recruiting was taken away from the RFCAs and given to the Army recruiting group in an assimilated structure, which was mirrored by other assimilative measures. Two or three years later, all use of formed units and sub-units stopped, and it became an organisation that produced only augmentees, which demoralised the officer corps and led to the exodus of the brightest and best. The commission report referred to that.

In considering how the Army Reserve is to be organised, it is important that we realise that it will fail if it slides back to the assimilated model of the past few years. We must be clear on that. We can see where the Army recruiting group is failing. It has effectively assimilated part-timers into an arrangement designed with Regular soldiers in mind, but Reservists need different arrangements.

I shall try your patience beyond belief if I take this much further, Mr Brady, but, if Mr Speaker allows, I would like to return to the matter on Report. I suggest that we need a clause that goes just one step back to the arrangement that lasted nearly a century, as the commission's report recommends. We should not return control of recruiting to the RFCAs, but should put in statute its annual report on what is going on with the Reserves. It is still the organisation that best understands the Reserve forces, and its first report to Parliament, which was prepared with just a few months' running time, contains a number of extremely shrewd comments on what is going on.

We should also ensure that the organisation's control of property is not assimilated into the Defence Infrastructure Organisation, which sadly has a parlous reputation on the wider estate. It is orientated towards large, expensive property deals, not the large number of small ones that the RFCAs have managed efficiently and with a low overhead over the years.

I strongly support the clause. The name change is right and, as my hon. Friend the Minister said, most people in the Reserves want it to happen. The Royal Naval Reserve is called just that, and there will be an Army Reserve and a Royal Marines Reserve.

**Oliver Colville:** One problem is that, although the RNR was renamed, people still know it as the RNVR—the Royal Naval Volunteer Reserve—and it will take some time before they call it the Royal Naval Reserve.

9.15 am

**Mr Brazier:** I understand my hon. Friend's point. Two organisations were amalgamated—the RNR and the RNVR—to form one. Owing to economies of scale, it was not worth running two separate organisations, and one name had to be chosen.

I support the clause and what the Government are trying to do. I welcome the movement we have already had on the very important subject of the appointment of senior Reservists. We have so few compared with America, Canada and Australia, which have been much more successful at retaining Reservists, with much lower turnover rates and so on.

I want to end with two quotes. The first is from Field Marshal Sir John French, a commander at the beginning of the first world war:

“Without the assistance which the Territorials afforded between October 1914 and June 1915—

the very beginning of the first world war—

“it would have been impossible to hold the line in France and Belgium.”

The second comes from Brigadier—now Lieutenant-General—John Lorimer, who commanded a brigade in Afghanistan. He made this remark about a TA-formed infantry sub-unit from the London Regiment, which went out to serve under his command:

“Somme Company was an outstanding body of men: well trained, highly motivated and exceptionally well led.”

I rest my case.

**Mr Tobias Ellwood (Bournemouth East) (Con):** It is a pleasure to serve under your chairmanship today, Mr Brady. I join others in paying tribute to the work of the Territorial Army. This is certainly one of the simpler clauses in a technical Bill. The name change will have a profound impact on our armed forces. It will be a brand under which we hope to increase the size of our non-Regular forces. Although I support the clause, I want to ask the Minister about the increase in size of the new Reserve forces, but I will leave such questions for later clauses.

I want to join others in paying tribute to the Territorial Army, so will the Minister confirm that when the name changes takes place—he hinted it would be in 2014—there will be an appropriate event so that others, such as my distinguished colleague, my hon. Friend the Member for Canterbury, who has done so much work on the Reserve forces behind the scenes, can pay tribute to more than 100 years of the Territorial Army as we move into a new chapter? We should remember that the Territorial Army has not only served abroad to support the Regular forces, but has done work in this country to provide support during natural disasters and so forth. I welcome the name change and hope the Minister will recognise that it would be useful to have a significant event to honour it.

**Mr Dunne:** I thank hon. Members for their constructive contributions to the discussion on the clause. I will start by responding to the hon. Member for North Durham, who raised questions about the impact of the Bill on overseas territories. Indeed, an amendment that we will come to later covers such aspects. In response to his specific questions, I will refer also to the similar question regarding Gibraltar raised on Second Reading by the hon. Member for Dunfermline and West Fife, who also touched on Bermuda.

The good news for the hon. Gentleman is that it has not escaped our notice that there are overseas territories with Reservist units, so we have looked carefully at the extent to which the Bill might apply to any of those. I am pleased to be able to tell him that the Bill does not apply to Gibraltar. The Government there have been informed of the Bill, so they are aware of the arrangements we are making. There will be no change to the Gibraltar Regiment, so there will be no cost to the Gibraltar Government from the Bill.

Where Reserve forces are raised in overseas territories—we will come to this issue when we discuss the relevant amendment—we have been careful to ensure that the amendments and repeals made under part 3 of the Bill to the Reserve Forces Act 1996 do not extend to either Bermuda or Gibraltar, because the 1996 Act does not form part of the law of the British overseas territories. Its predecessor, the Reserve Forces Act 1980, did not either. Although members of the British overseas territories forces, including the Royal Gibraltar Regiment and the Bermuda Regiment, may serve with United Kingdom forces, British overseas territories forces are raised under the law of those territories and the Bill does not apply to them.

**Mr Jones:** I am grateful for that clarity. I accept the situation with the Bermuda Regiment, but is the Gibraltar Regiment not slightly different because it is part of the Army list? Will the Territorial Army survive in one form with the Gibraltar Regiment? Is that regiment, which is treated differently from those in other overseas territories, exempt from other provisions in the Bill that affect the Regular Army?

**Mr Dunne:** No, because the Royal Gibraltar Regiment is the name of the regiment. It was established by the Gibraltar Regiment Act 1998, which covers the call-out powers for its members. It has its own law, which governs its own arrangements, so it is not affected by the proposal.

**Mr Jones:** In 1996, the regiment was incorporated into the structure of the Army by being added to the Army list. How does that fit with the 1998 Act? Is the regiment a hybrid unit, whereby it is part of the British Army but has exemptions as outlined in the 1998 Act?

**Mr Dunne:** Under the clause, we are discussing the name of the new Army Reserve. As I have already explained, the name of the Royal Gibraltar Regiment does not include the words “Territorial Army”, so the clause has no application to the regiment.

**Mr Jones** *rose*—

**The Chair:** Order. Before the hon. Member for North Durham intervenes, I point out that he will have other opportunities later on in proceedings to pursue this point.

**Mr Jones:** I will, Mr Brady, but there is a TA unit in the Royal Gibraltar Regiment, and I wonder what its status will be. Will it survive as a TA unit, or will it be called a Reservist unit?

**Mr Dunne:** I have made it clear to the hon. Gentleman that it is not described as a TA regiment. The name of the regiment is the Royal Gibraltar Regiment. It has a Reservist unit, which will be called an Army Reservist unit in the British Army list.

**Mr Jones:** But in Gibraltar, will it still be a TA unit? If it will be renamed, did the Government consult the Gibraltar Government on that?

**Mr Dunne:** As I have already said, we have discussed with the Gibraltar Government our plans under the Bill, including our plans to change the name of the Territorial Army to the Army Reserve. The unit will be a Reservist unit within the Royal Gibraltar Regiment. When we come to the relevant amendment, I will answer the hon. Gentleman’s persistent question on whether there will be any use of the words “Territorial Army” within the Royal Gibraltar Regiment.

The hon. Gentleman touched on the costs of the exercise in the UK—although he focused on the costs in Gibraltar, which shows a touching regard for the finances of that overseas territory—and we have undertaken an exercise to look at that. He rightly identified that many incidental changes will be required to units that use the Territorial Army. He referred to letterheads, signage and badging. Many of those will involve some expense for individual units. I cannot give him a precise figure at this stage because this will be quite a long exercise. We estimate that it will cost in the low millions of pounds and will come out of the Ministry of Defence budget.

My hon. Friend the Member for Canterbury has been a stalwart supporter of the Secretary of State’s plans for the Reservists. I again pay tribute to his work on the commission, which has been invaluable in helping to form the plan. I also thank him for drawing the Committee’s attention to the fact that in the six years leading up to the first world war, the British Army was able to recruit 250,000 Reservists into our armed forces. I should not like to draw other parallels between our current circumstances and the run-up to the first world war, but it highlights the numbers and how it was possible to generate much more substantial interest in the Reserves in times gone by. I am pleased that he has noted the letter from the Vice-Chief of the Defence Staff in response to his specific query about the extent to which senior officers can be properly recruited and retained within the Reservists. That was a helpful contribution. I note his continuing concerns about publishing an annual report about the Reserve estate. We may come on to that on Report, and I look forward to discussing that then.

I should also like to thank my hon. Friend the Member for Bournemouth East, whose service in the Reserves is and has been distinguished. That allows me to point out to the Committee that the newly appointed Minister of State for the armed forces, my right hon. Friend the Member for Rayleigh and Wickford (Mr Francois), calculates that currently 59 Members of Parliament have either served with Her Majesty’s armed forces or are serving in a TA capacity. It might interest the Committee to learn that 54 of those 59 serving Members of Parliament sit on the Conservative Benches, three sit on the Democratic Unionist Benches and two sit on the Labour Benches. I believe I am right in saying that none sit on the Liberal Democrat Benches, but I stand ready to be corrected. I think that shows the sincere commitment of many Members of Parliament to our armed forces.

**Mr Jones:** I am sure that many members of both the Regulars and the TA will be astounded at what the Government are doing to numbers and support for our armed forces.

**Mr Dunne:** I have concluded my remarks.

*Question put and agreed to.*

*Clause 42 accordingly ordered to stand part of the Bill.*

### Clause 43

#### CALL OUT OF MEMBERS OF RESERVE FORCES

**Mr Jones:** I beg to move amendment 48, in clause 43, page 28, line 36, at end insert—

“(7A) After Section 62, insert—

“62A Deferral of call-out liability

(1) A member of the Reserve Forces who is self-employed may defer liability for call-out for a period of up to 12 months if they show to the satisfaction of the Defence Council or any authorised officer that there is good reason why their liability should be deferred.

(2) A member of the Reserve Forces who is employed by a company, organisation or person whose main business is in the manufacturing or provision of equipment, works or services for defence purposes may defer liability for call-out for a period of up to 12 months if they show to the satisfaction of the Defence Council or any authorised officer that there is good reason why their liability should be deferred.”.

It is important to note that, although the hon. Member for Canterbury rightly gave a good history of the TA and the valiant role it played in times of danger for this country, there is the idea that, in the context of the cold war legacy, the TA did not make the contribution that it did in the first and second world wars. That changed in Iraq and Afghanistan, where the TA made valuable contributions. I pay tribute to the Defence Medical Services, because people are alive today who would not be without its help. TA medical volunteers—not just the doctors and surgeons, but the nurses and other medical professionals—made tremendous contributions in Iraq and Afghanistan; in some cases, med teams put themselves directly in harm’s way.

9.30 am

The major changes will change what is asked of Reservists. In the past, people would not be called up or deployed often, but now we take a more proactive stance. Someone who joins the new Reserve force, the old TA—it will take a while for people to ditch the TA title for Reservists and, knowing the British Army, it will probably adapt to that after about 50 years—will be asked to do a lot more and the chance of being called up will be greater, not just for deployment overseas, but for national emergencies. In many ways, that is a return to the TA’s origins, which is an advantage as it will make the Reservists seem more relevant and put them on a par with Regulars on contribution.

In Iraq and Afghanistan, individuals and units contributed to support deployments of Regulars. Many Regular commanding officers and soldiers say that, when in harm’s way, they could not tell that they were working with Reservists because of the expertise and training that those people brought to their roles, and they found out only later, when they were told.

The Reserve forces put pressure on individuals, not just companies and employers who allow their staff to join. When individuals think about whether they want to be members the Reserve forces, they have to consider the effect of that and how they will be deployed, because some might be called out more regularly than before.

The amendment would deal with self-employed people. They can make great contributions, but might be employed in very small businesses or be a sole trader. It would provide those individuals with some flexibility. If we are

to appeal broadly to get individuals to join the Reserve forces, flexibility around the edges will be needed, but the amendment does not suggest an opt-in or opt-out, which might be used as an excuse.

It is important to look at the recruitment that has taken place so far. The hon. Member for Bournemouth East tabled a parliamentary question in February on the companies that TA members come from. The answer, given by the Minister of State, Ministry of Defence, who was then an Under-Secretary, is broken down into categories. Large organisations, which are classed as having 500-plus employees, contribute 15%; medium-sized organisations, which are those with 50 to 499 employees, contribute 17%; and small organisations, with one to 49 employees, account for 17%. The self-employed comprise 5% and the unemployed, including students, make up 42%. The mobilised TA account for 4%. Those figures demonstrate that the self-employed or those in small organisations face problems joining the TA now and might have problems joining the Reserve Forces.

I attended a fantastic event in the Members’ Dining Room last week—organised by the Government Whip on the Committee, hon. Member for Milton Keynes North—for the launch of the Royal Engineers Reserves. The more such events we have in Parliament, so that the tremendous role played by such organisations can be explained to Members of Parliament and so that Members can interact with them, the better.

The event championed the commitment of Carillion, among other large companies, and the target that it has set to recruit 300 employees—the hon. Gentleman will correct me if I am wrong—to the TA over the next few years. It was refreshing to hear that that target was aimed not only at the coal face, but at board level down. That is good and welcome, but how we reach small and medium-sized organisations is also important.

The amendment would provide some flexibility. One hindrance of the current situation is that sole traders or people in small companies may think twice about joining the TA if there is no facility for the deferment of deployment.

**Mr Ellwood:** I have two questions about the hon. Gentleman’s interesting amendment. First, it is recognised that deployment is tougher for the self-employed or those from small businesses, because the scope for replacing such people is smaller than in a large business, but if such people could defer their deployment for 12 months, the challenge would be that they might not be deployed with their unit. I believe that the idea is that units of the TA—or the Reserves, as we now need to call them following our agreeing to clause 42—will be deployed, but if an individual deployment is deferred for 12 months, that person might miss out on being deployed with their unit.

Secondly—I beg your indulgence, Mr Brady—why should there be special exemption for those in the defence industry? Perhaps the hon. Gentleman will explain why they should be treated differently from others.

**Mr Jones:** If the hon. Gentleman holds his water, I shall come to the second part of the amendment in a minute.

The fact of the matter is that people already defer their deployment for medical and other reasons. The amendment is not a get-out. We want to try to attract the self-employed and those in small businesses, and the amendment's purpose is to provide some flexibility. I take the hon. Gentleman's point, but without that flexibility to defer mobilisation we will write off a large number of people who will not be attracted to join the Reserve. Taking a two or three-person business, for example, if one person was to be taken out, deferment would at least give the operation some chance to do that. The thinking behind the proposal is that it is about not only large companies—such as Carillion, which is doing its bit—but other, smaller companies.

**Oliver Colvile:** Does the hon. Gentleman recognise that the matter also involves looking after not only small and medium-sized companies, but families who are part of the Reserves? They need the same support as some of the Regulars, although that can be much more difficult for Reserves as they live off-base or in a different place. Those families need to be looked after too, in a very big way.

**Mr Jones:** I agree, and the hon. Gentleman makes a good point, although I do not want to go down that route because the point will be covered when we discuss my proposals on how we look after the mental health of members of the Reserve forces. A challenge in this new Reserve organisation will be how we look after people, because although Reserves are doing the same job as Regulars—we are asking them to that same job—their circumstances are different. I shall address that issue later.

**Mr Ellwood:** The hon. Gentleman is being generous in giving way, but I am slightly confused. His amendment says “self-employed”, but he has been speaking about people who work in businesses with three or four people. Therefore, does he wish to amend his amendment?

**Mr Jones:** No, because, as the hon. Gentleman knows, there are situations in which two or three people in a business are self-employed or they own that business. I can name—

**Mr Ellwood:** Then they are not self-employed.

**Mr Jones:** Well, they are, in the sense that—*[Interruption]* If someone is a sole trader, for example, and comes together—

**Mr Ellwood:** Then it is one person.

**Mr Jones:** A sole trader is a sole trader, but there are situations in which people are self-employed and working together, but as individuals. The point is that the amendment is about trying to ensure that there is flexibility—I thought the hon. Gentleman would welcome that—so that we get the figure of 5%. It is about not having a situation where the only people who get into the Reserves are from the Carillions of this world and others, although I am not criticising them at all and such companies are very welcome, as is the work being done by the Minister and others, including the hon. Member for Milton

Keynes North, to try to attract such businesses. I have spoken to the Minister about trying to write to some of my major employers, including councils and others, to try to get them to encourage people to join the Reserves.

**Penny Mordaunt (Portsmouth North) (Con):** I understand exactly where the hon. Gentleman is coming from with the first part of his amendment, but does he not consider that the appraisal process for Reserve forces, which is different as between each force, is the more appropriate way to manage the issue and to direct what type of career a Reservist might go into within their branch, with them dropping to different lists if they are unable to make particular commitments? That is probably the more sensible route to manage the problem he identifies.

Secondly, I see where the hon. Gentleman is coming from on the second part of the amendment. As he pointed out, a lot of Reservists come from the defence sector, but does he agree that people might be deterred from coming forward and joining the Reserves—people do so because they want to be deployed and want to do the job—if they thought that the few opportunities that they might have to do the job might be taken away from them by their employer?

**Mr Jones:** I thank the hon. Lady for her intervention. I shall come to her second point in a minute, but I note, on the record, her service in the Reserves and thank her for it.

**Mr Dunne:** As the hon. Gentleman has placed on record the thanks of the Committee and the House for my hon. Friend's service, he might want to congratulate her on her recent promotion to serve as the Secretary of State's Parliamentary Private Secretary.

**Mr Jones:** I have already said well done to her personally, but I put it on record that this is a vast improvement on her predecessor—

**Mr Ellwood:** Which one?

**Mr Jones:** I have already said on the Floor of the House that the hon. Gentleman's successor should have listened to him a little more. If she had listened more rather than spoken, she might have made a better contribution to the job she was doing. I am happy publicly to congratulate the hon. Member for Portsmouth North, although I congratulated her the other day—*[Interruption.]* The Whip is chuntering from a sedentary position. I do not know whether he wants to intervene and make a comment.

9.45 am

**The Lord Commissioner of Her Majesty's Treasury (Mark Lancaster):** I am grateful, but no thank you.

**Mr Jones:** I wish the hon. Member for Portsmouth North well in her promotion. Let me respond to her first point. I think the question is, what we are going to ask the Reserves to do, and the type of people who will be attracted. One area the Government want to address—and it makes sense—is attracting people with specialist

[Mr Kevan Jones]

cyber skills. Many of those people will be self-employed, with highly technical skills and will bring a lot to the capability of the new Reserve forces.

I hear what the hon. Lady says about trying to direct people into different lists and streams at selection. However, how will we attract those specialist people to a specific role if there is no flexibility? That is what the amendment is aimed at. Cyber is just one aspect. The Bill would allow a change for which the hon. Member for Bournemouth East has argued for many years. Members of the Reserve forces have a suite of skills that were not used when they joined the old TA—or they were used as an afterthought.

On my first visit to Iraq in 2003, it was helpful, for example, to have a TA soldier who was a bank manager suddenly running the local bank in Basra. With the development of the Reserve forces, that match of civilian skills to the Reserves will be a benefit to the armed forces. That was certainly the case with the presentation that we had the other day from the Royal Engineers, who clearly have transferable skills from what they do at Carillion. Skills such as those, and those of a bank manager, will no doubt be useful.

The second point is about the defence industries. Clearly, a number of individuals who work for defence companies at the moment make great contributions, not only to the Reserve forces but as civilians. Anyone who has been to Iraq or Afghanistan will have seen the tremendous contribution that defence companies' employees are making in theatre to the deployments of our forces. Encouraging members of those companies to join the Reserve forces will not only enhance the relationship between those companies and the armed forces, but will bring them added value.

One message that we should get out to employers—a message that was being pushed hard by the Royal Engineers—is that this is not a one-way street. The employers are gaining some benefits in skills that individuals will learn when they are on deployment on behalf of the Reserves—I have a terrible habit of calling them the TA; I must try to remember that they are Reservists, not TA. The managing director of Carillion said clearly that people will come back with skills. However, there is going to be an issue in times of crisis when people in the TA who work for a defence company, or one that does defence-related work, are taken out at a crucial time when we need that expertise within the company. It might lead to a deficiency in that company's ability to provide that support for the armed forces.

**Mr Ellwood:** The hon. Gentleman makes an interesting argument. I do not know if he attended the SSAFA charity dinner last night, as many of us did. It was a great event. It became apparent that these large corporate sponsors involved in the defence industry are not allowed to be aware of or to determine whether part of their work force is in the TA. Under the Data Protection Act 1998, they are not allowed to make that inquiry, therefore they cannot even bestow that support and say, "We want to help you". It is up to the individual to come forward to say: "I am going to be deployed" or seek permission to be away. Will the Minister take that away and see whether the Opposition would agree that there could be some form of pledge of support by businesses

that, if they are signed up to supporting the TA, it is in order to be aware of who on their books wants to be part of the Reservists and therefore is given that support?

**Mr Jones:** The hon. Gentleman makes a good point. Unfortunately, I was not at the dinner last night, thanks to East Coast trains. My journey yesterday took seven hours from North Durham to London.

**Mr Dunne:** They cannot keep the lights on.

**Mr Jones:** The Minister talks about keeping the lights on. It was not that. I think it was an overhead power line which dropped near Peterborough and closed the north-east line. I cleverly thought that I would go via Sheffield, which I did, only to find that someone then jumped in front of a train, with another delay of an hour and a half. I was fated not to get here until nearly 8 o'clock last night.

**Mr Brazier:** Lest the hon. Gentleman think for a moment that the weather is politically biased, a road accident brought about by the weather conditions in east Kent converted it into a car park yesterday, so I arrived halfway through a Royal United Services Institute conference.

**Mr Jones:** That is one of the things sent to try us at this time of the year. If you have to travel a long way to get to Westminster, our travel arrangements are sometimes interrupted.

The hon. Member for Bournemouth East makes an interesting point. I have an innate suspicion, which I had in local government and certainly when I was a Minister, that, when someone talks about data protection, there is obviously another reason for it. It is one of those catch-alls, like health and safety. If you want to stop somebody doing something, you say: "Oh, health and safety says". I would be interested to know what data protection this is. No disrespect to the civil servants in the room, but I suspect it is being used by some civil servants to stop something.

The hon. Gentleman makes a good point. I do not know whether this could be possible, but if companies have a contract with the MOD—[*Interruption.*] Does the hon. Member for Bournemouth East want to listen to my suggestion? I know that the Whip, the hon. Member for Milton Keynes North, is a very engaging individual.

Would it be possible, as part of the contracts with defence companies, to say that they should promote the Reserve forces among their employees? That is not to say that there should be a quota and that they should produce so many, just that they should be committed to and actually promote the Reserve forces among their employees. It would be interesting to know the reason, because it is strange that, when there are individuals with a skill set that in many cases is useful to our Reserve forces, they are not able to be members of them.

The point that the hon. Member for Bournemouth East made would come up against my suggestion too, because if employers did not know who in their company was in the Reserve forces, how could they second-guess the situation? It may happen only on a few occasions,

but, to come back to a company providing cyber, a certain piece of electronic equipment or some specialism, if it suddenly finds that somebody has been taken out, the individual will be pulled two ways. Obviously, the MOD will want the company to provide that piece of equipment because of vital operational need, but the individual wanting to be employed by the Reserve forces will be pulled the other way. We should give the individual that opportunity. If we are going to crack harder-to-reach areas, such flexibility will be required.

I am not sure what the Minister's reply will be, but one answer might be that deployments could be deferred because the MOD or the armed forces recognise that such cases create a problem for a company. As I said at the beginning, if we are to attract a broad cross-section of individuals, flexibility in call-outs will be important. When I was at the MOD talking to Reservists who had been deployed to Afghanistan or Iraq, I asked them often, "What did your company think of that?" Most companies were proud to have a staff member with their armed forces. I suspect that there will be a big difference between that and somebody deployed to look after flooding in a certain part of this country, or to meet some other capability gap in the UK. Flexibility will be needed if we are to attract the broadest possible cadre of individuals to the new Reserve forces.

**Mark Pawsey (Rugby) (Con):** When the Minister responds to the debate and the remarks by the hon. Member for North Durham, will he pay particular attention to the notice given to small and medium-sized enterprises? I ran a business employing about 35 people, and if I had had a staff member who wanted to join the Reserves, I would have been pretty sympathetic and wanted to take advantage of their skills and benefits, but I would also have been concerned about how much notice would be given so that I could make provisions for that staff member's absence. The hon. Gentleman's proposal for deferral, whether or not it extended to businesses of the size I mentioned, would simply put off the fateful day. The businesses would have to make provision at some point. From my point of view, up to six months would have been helpful.

We recognise that, in times of national emergency, such provisions would no longer be appropriate. I think that most businesses would respond to the challenge facing the country. The clause discusses the lengths of time served. For a business the size of the one that I ran, effective notice is much more important than the length of service.

**Mr Brazier:** My hon. Friend has made a significant part of my point. In the first half of the amendment, the hon. Member for North Durham has got hold of a significant point. He is right to be concerned about the small number of self-employed people—there used to be rather more—in the Reserves.

I do not think that his amendment is right, and I hope that he will not press it to a vote, for two reasons. The first is as my hon. Friend the Member for Rugby said. I said earlier, during the debate on clause 42 stand part, that it would succeed or fail depending on whether we ended up integrating the two forces or trying to assimilate them. A good example of where the Government have gone down the integrated route is on notice, which my hon. Friend mentioned. An American-style system

in which people try to give long-term notice of rotations provides employers with the kind of notice that is essential to a small business's ability to adjust.

The specific problem of self-employed people needs closer consideration. There are two categories of people who have contributed disproportionately over the years. One is barristers, of whom there used to be a large number in the TA. It is no accident that the current Deputy Commander Land Forces is in fact a barrister, although not a practising barrister. He is the company secretary of a medium-sized company. There used to be a lot of self-employed barristers. Another example is British Telecom engineers who, once they got the qualification, could easily dip in and out of work. They work to British Telecom, which trains them, but they are not employed by BT.

10 am

In the long run, if we find self-employed numbers do not pick up, we should look at some of what we are doing for small businesses and apply that to self-employed people, as they do in Australia. The arrangement that is being suggested would not be helpful, for the reason that my hon. Friend the Member for Bournemouth East gave: the aim is to make it easier to use capability in formed sub-units or units more frequently, as was the case up until four or five years ago, and it would militate against that if some people were there on a different basis and could defer their service.

On the second part of the amendment, it would be quite wrong to pick out one group of soldiers, but I would like to pay tribute to some of the underlying thinking of the hon. Member for North Durham. He mentioned Carillion; the role of sponsoring companies is important. I do not often bore members of a House of Commons Committee with family history, but my grandfather fought as an Indian Army Reservist in the first world war. Between the wars, he raised his own Territorial Army unit, which was sponsored by the forerunners of Blue Circle Cement, the Associated Portland Cement Company. He ran the largest cement works in Europe. That unit was sponsored by the civilian company that employed it.

Although there are examples of areas, such as cyber and medic, where there is a direct read-across of skills, there was no read-across for members of that unit, the Kent Fortress Royal Engineers, except for some knowledge of explosives through their civilian job, which was quarrying. With the generous support of the company, they were able to survive in the very lean period of the 1930s. There was more than one year when there was no money at all from the War Office to get them to their annual training, and the company and the officers between them found the money to pay for the rail tickets. By Christmas 1940, they had won eight major decorations for gallantry. The book is still out there on the internet and in Waterstones, if anyone wants to buy it.

Again, as I said in relation to the first part of the amendment, I urge the hon. Member for North Durham, who made some very good points in his speech, not to press his amendment to a vote. We really cannot create a separate category of people in the Reserves who are there on a different basis from the others. The whole business of being able to use formed sub-units and units would fall away if we did.

**Mr Dunne:** I thank the hon. Member for North Durham for tabling the amendment. I sense that it was a probing amendment, although he may wish to put it to a vote. It has given us an opportunity to air many of the issues about extending the period for mobilisation. It is important that we discuss this, and some interesting points have been raised. I will start by giving a few pointers as to why we have sought to introduce the new powers in clause 43.

The clause expands the circumstances in which members of the Reserve forces can be called out. It replaces the call-out powers in section 56 of the Reserve Forces Act 1996 with a new, broader, call-out power. This new power allows Reservists to be called out for any purpose for which Regular service personnel may be used. The clause also aligns the limits on the periods for which Reservists may be called out under the new power in section 56 with the limits that apply to call-out under section 54, which covers warlike operations.

Clause 43 permits a Reservist to be called out under the new power for up to 12 months. Being able to call out Reserves for any purpose for which Regular personnel may be used will help to make Regulars and Reserves more integrated and interchangeable within the whole force concept. As an integral part of the armed forces, the Reserves have been successful in theatre in Iraq and Afghanistan. However, they cannot currently be called out for the full range of operations for which Regular forces may be used.

For example, the existing call-out powers may not allow call-out for activities such as defence engagement, conflict prevention, security sector reform and capability building in priority countries. The strategic defence and security review of 2010 indicated that there would be an increasing focus on such activities, particularly when we move to a contingent posture. We have many skilled Reservists who would undoubtedly be very capable in those areas. The hon. Member for North Durham referred to bankers, and my hon. Friend the Member for Canterbury referred to barristers and BT engineers, who can bring specialist skills; and of course we are increasingly looking to our Reservists to provide medical services and for the cyber Reserves unit.

We need to extend call-out powers so that we are better able to draw on the skills and capabilities of all our forces, both Regular and Reserve, serving together. That is the purpose of this clause, which is important for the Reserves whom we have, and fundamental in facilitating the changes that we are making to our armed forces, as in future Reservists will be required for almost all military operations.

**Oliver Colvile:** Does the Minister recognise that another of the great benefits that will accrue to the Ministry of Defence is that people will come from the private sector to do their job as Reservists and will bring with them private business practices? At the weekend, I had a conversation with a friend of mine who is a Reservist, and he said that he wanted to have meetings on one day rather than two days, but unfortunately it appeared that someone could not get up at 7 o'clock in the morning in order for that to happen. I think that it would be helpful for us to recognise that the private sector and the flow of information between the two sectors is quite an important part of all this.

**Mr Dunne:** I am grateful to my hon. Friend for making that point. It ties in with the comments made by the hon. Member for North Durham about the range of employment types that Reservists come from. They come from a whole range of industry and private sector occupations, but interestingly he also made the point that 42%—I think that was the figure—are unemployed or students. That is the largest category that he referred to, and it is testament to the fact that a Reserve occupation makes the individual that much more employable for the outside—for the private sector. I was interested to hear that statistic, and I would strongly encourage those who are currently looking for work to consider joining the Reserves as a way of improving their prospects of finding full-time employment in the private sector or, indeed, in the public sector outside the armed forces.

It is important that we can use Reserves alongside the Regulars, as I have said. It is also important to be able to mobilise those Reserves for sufficient lengths of time to cover the critical pre-deployment training, the deployment itself and post-deployment activities. I appreciate that this is quite a complicated subject. In relation to this clause, I have made available to the Committee a Keeling schedule that identifies the impact of the changes—how the Bill affects the 1996 Act.

Amendment 48, proposed by the hon. Member for North Durham, would provide for two categories of Reservist to defer their liability to be mobilised. As we have been discussing, the two categories are, first, self-employed Reservists and, secondly, Reservists employed in the defence industry. I have to say to him that the effect that he seeks to achieve with his amendment is already achieved by provisions in section 78 of the 1996 Act, which provides that the Secretary of State may by regulations enable a person liable to be called out to apply for a deferral of, or an exemption from, call-out. The regulations may also allow a Reservist's employer to make the application. In addition, regulations under section 78 may provide for a Reservist who is mobilised to be released from service.

As the Minister with responsibility for veterans in the 19 months running up to the last election, the hon. Member for North Durham would clearly have been pre-occupied, but he may have found time during his service to study the Reserve Forces (Call-out and Recall) (Exemptions Etc.) Regulations 1997, which were made under section 78. They allow single-service adjudication officers to grant deferrals or exemptions from call-out. I will go into those in some detail, as that will provide him with the reassurance he needs that we already have provisions for the circumstances that concern him and have been raised by other Members. Before I do that, however, I will pick up on some of the other comments made. My hon. Friend the Member for Bournemouth East is regrettably not in his place at the moment, so I will return to his point once I have dealt with others.

My hon. Friend the Member for Rugby, supported by my hon. Friend the Member for Canterbury, was concerned about effective notice on employers. I draw their attention to paragraph 2.27 of our White Paper, in which we specifically said that the intent would be to give as much notice as possible before mobilisation, obviously depending on the lead time for planning for that task. For enduring operations, the intent is to mobilise Reservists according to the underlying organisational model, giving at least three months' notice

to maritime and Royal Air Force Reservists and nine months' notice to Army Reservists. That should give any employer sufficient time to manage the loss of that individual. For unplanned contingent operations, the White Paper says that

“the aspiration will be to give at least 28 days' notice.”

That is not as much time, but if the operation is unplanned, one cannot give an extended notice period.

**Mr Brazier:** If I may say so, that is one of the strongest parts of the White Paper. That approach, based on the American model, is exactly what employers asked for. It is just what we needed.

**Mr Dunne:** I am grateful for my hon. Friend's endorsement.

Now that my hon. Friend the Member for Bournemouth East has returned, in response to his concern about the Data Protection Act 1998 restricting companies' ability to become aware of whether their employees are Reservists, I alert him to paragraph 4.33 of the White Paper, which states that we intend, “subject to security considerations”, to

“mandate and oversee notification by Reservists of their Reserve service to their employers.”

We encourage those who sign up to the Reserves to have the responsibility of telling their employers that they are Reservists. We see that as the way around that concern.

**Mr Ellwood:** My only concern is that some companies—small or large—may not necessarily warm to the idea of employing potential Reservists. If somebody has to declare that they are a Reservist, and that they may be deployed for a year in a given five-year period, prior to any agreement of contract through a recruitment process, that could prevent them from securing a job, unless a guarantee is in place that their Reservist status cannot be used to prejudice their ability to gain employment.

**Mr Dunne:** If I may, Mr Brady, I will defer further discussion on that point until we debate the hon. Member for North Durham's amendment, which covers precisely that issue. We will have a good debate on that in due course.

**Mr Jones:** I do not suggest mandatory Reservist quotas, but will the Minister say whether the MOD, when it gives contracts to defence companies, has considered making them aware that people should be encouraged to join the Reserve Forces?

10.15 am

**Mr Dunne:** I am grateful to the hon. Gentleman for asking that question, because it allows me to explain my role. As Minister with responsibility for defence equipment, part of my role is to engage regularly with the defence industry through various forums—the defence suppliers forum chaired by the Secretary of State, and the small and medium-sized enterprise sub-forum, which I chair. I have raised that point with defence companies at every opportunity, encouraging them to notify the MOD of

their policy for Reservist recruitment and retention. We are looking for them to play their part in building Reserve capability.

Many companies that are already engaged in sponsored Reserve programmes supply, particularly at present, a number of employees acting in a contracting role in theatre, supporting our forces in their work. Much of that work is already being done, and it is high on our agenda of things to raise.

I want to explain what provisions there are in the existing regulations, to which I referred earlier, to allow for deferral or exemption on application by either the Reservist or their employer. A Reservist may make an application for deferral or exemption on one of six grounds. The first is that they have primary responsibility for the care of a person with a severe physical or mental disability who requires frequent attention or supervision. The second is that they have parental responsibility or sole parental responsibility for a child. The third is that they are engaged in education or training that is intended to prepare or qualify them for a vocation or job, and that would be seriously disrupted by their absence on relevant service. The fourth is that they are working in a family-owned business that would suffer serious harm as a result of their absence. The fifth is that they have entered into a contract of employment but have not yet started work under that contract, and the other party does not agree to postpone until after the period of relevant service the date on which the Reservist is due to start work under that contract. The sixth is any other grounds that an adjudication officer ought, for compassionate reasons, to consider. That is a pretty wide range of opportunities for an individual to resist mobilisation.

An employer of a Reservist who receives a mobilisation notice may make an application for deferral or exemption if the absence of the Reservist for a period of relevant service would cause harm to the business or other undertaking in which the Reservist is employed, or to a partner, proprietor or employee of that business or other undertaking. The categories of harm are also widely drawn. They include loss of sales, markets, reputation or goodwill, or other financial harm; impairment of ability to produce goods or provide services; and harm to research into and development of new products, services or processes. Applications may be made under the regulations by Reservists and employers in all sectors, including self-employed Reservists or defence industry employees.

To complete the picture, hon. Members might like to know that we looked at the call-outs last year, because we have been through a period of active mobilisation. From more than 4,000 call-out orders, 383 applications for deferral were made—66 from employers and 317 from Reservists. Of the 317 Reservist applications, 198 had their call-out order revoked; 103 had their call-out order deferred; three were exempted from call-out; and only 13 had their application refused. Of the 66 applications from employers, 53 had their employee's call-out notice revoked; eight had their employee's call-out deferred; and only five had their application refused.

I think the hon. Member for North Durham has recognised that his amendment is unnecessary. We have had the opportunity for a good debate on the issues, so I ask him to withdraw his amendment.

**The Chair:** We have had a reasonably wide debate, and I propose to treat this as a clause stand part debate. I say that for the information of any Members who might wish to make further contributions at this point before I ask the hon. Member for North Durham to respond.

**Mr Jones:** We have had a good debate. The amendment was probing in its intent, and I wanted to have the discussion because it went to the heart of some of the issues that will be faced in the new world of Reserve forces, as does the next probing amendment. The hon. Member for Canterbury and others mentioned that we are going into a new world. The likelihood is that people who join the Reserve forces will be called up, which possibly was not the case in the past; that is a fair point.

**Mr Brazier:** I made it clear throughout my comments that I am sympathetic to some of the underlying points that the hon. Gentleman is raising, but I think we can over-egg the pudding when we say that it is a new world. If we look at what happened in 2003, when a huge number of Reservists were called out at very short notice—some in small groups, many in formed sub-units and, in the case of the Royal Yeomanry, as a formed unit—they responded magnificently and performed very strongly.

**Mr Jones:** I do not disagree with what the hon. Gentleman says, but that was clearly a time of national emergency. The issue is that the role that Reservists will fill—and traditionally always have in this country with regard to, for example, civil emergencies—might change the mindset. I come back to a point I made earlier. My experience from discussions with employers and employees is that most employers were proud and supportive of employees who were mobilised for Iraq and Afghanistan. The issue is whether that encouragement and support will be there for the new way that we will be using the Reserves. It is important to have reassurance.

The Minister is correct in his outline of the regulations. They are there, but when this Bill is implemented, it might be necessary to communicate more widely to employers the ability of both employers and employees to defer. Coming back to the point about small businesses and the self-employed, people might think that they have no choice, whereas if there is flexibility, employers might feel a little more supportive, knowing that there is a possibility that, as the Minister rightly points out, for legitimate business and personal reasons individuals can be deferred.

We need clarity on the point raised by the hon. Member for Bournemouth East. I am a little uncomfortable if the onus is on the individual to inform the employer that they are a member of the Reserves. We will come on to employment protection, but the onus being on the employee rather than the employer might lead to difficulty in cases where people have been a member of the Reserves or the TA for a number of years and suddenly tell people. We need to discuss later, or the Government must give some thought to, how that system works.

Another issue, proven by the figures I read out earlier, is that if the bulk of the membership of the TA comes from the unemployed and students, there is a big task in

trying to get employed people to join. I do not demur from the point made by the Minister that people who are unemployed or students can make a great contribution. Membership can add to their skill set for future employment. We need to emphasise that to those individuals.

**Mr Ellwood:** The hon. Gentleman is making the point that I wanted to make. Following the TA commission and the changes we are about to embark on, there will be a cultural change in what the Reserves do for our armed forces and for this country, which will attract a different level of interest from what we currently see. People have a mindset as to what the TA does today, and we in this place have an obligation to underline how it will be very different in future. Comparisons have been made with Australia and the United States. The picture will be different, which will drive a larger number of people to consider participating in the Reserve forces.

**Mr Jones:** I do not disagree with the hon. Gentleman, and Members of Parliament have a role to play in trying to encourage employers in their constituencies. As I said earlier, the hon. Member for Milton Keynes North is getting me some contacts in the Royal Engineers, and I shall be writing to local authorities and companies in my constituency to make them aware of the opportunities in the Reserve forces and of the benefits to both the Reserve forces and individual companies. The Minister might want to think about trying to encourage all Members of Parliament to do that. In my area, Durham county council employs a lot of people, including many with engineering skills, which would be ideal for the Royal Engineers, for example.

The hon. Member for Bournemouth East referred to the cultural change, which it is important to communicate to not only individuals but companies and public bodies. As always, I have one caveat. On making a comparison with the United States, it is a little simplistic to think that we can just replicate what the National Guard do. There are lessons to be learnt there. Anyone who has visited a National Guard unit or seen it on deployment knows it is a completely different beast in terms not only of equipment and finance, but organisation. The general thrust is right, and I am not opposed to the idea of formed units, but we cannot draw direct comparisons, because they will be very different beasts.

**Mr Brazier:** I entirely agree with the hon. Gentleman's caveat. However, Canada and Australia are smaller than us in this respect, just as America is larger, and until relatively recently they were less well resourced. Australia is now arguably better resourced. Where all three are following a clear practice, the point is probably right. Historically, they have all had a much lower level of turnover in their Reserves than we have, and better recruited officer structures. Although I accept the hon. Gentleman's caveat, if we look across the board, it is worth doing something.

**Mr Jones:** I agree that Canada and Australia are perhaps more relevant, but the United States is different. The air wing of the California National Guard has more aircraft than the entire UK. I remember being in Baghdad when the air wing of the Atlanta National Guard arrived in two huge C-17s. That shows the

difference in the resources and equipment available, and the different mindset. I do not think for one minute that we envisage the Hampshire Reservists having an air wing with C-5s or C-17s. However, I agree with the hon. Gentleman.

We clearly have a challenge, and we should be tasked with ensuring that employers and individuals know the benefits involved. With those comments, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 43 ordered to stand part of the Bill*

### Schedule 6

#### CALL OUT OF MEMBERS OF RESERVE FORCES: TRANSITIONAL CLASSES

10.30 am

*Question proposed,* That the schedule be the Sixth schedule to the Bill.

**Mr Dunne:** I will be brief; however, it is important to explain the schedule's provisions to the Committee.

The new mobilisation powers will not automatically apply to existing members of the Reserve forces, whether volunteers or ex-Regulars, or Regulars who will become Reservists. Reservists serving when the new powers come into force will be asked whether they want to be subject to the new powers. If they do not, they will continue to be subject to the current call-out powers. That approach is taken because it is not considered appropriate to require Reservists, volunteers in particular, either to accept the new terms or to leave. The same approach was taken in 1997 when the Reserve Forces Act 1996 extended call-out powers beyond those in the Reserve Forces Act 1980.

In 1997, the vast majority of existing Reservists elected to be subject to the new call-out powers, and we are confident that will happen again. Those who do not agree to do so will be known as the second transitional class. The original transitional class comprises those serving in 1997 who have not elected to be subject to the call-out powers in the 1996 Act. Although that may sound like a bureaucrat's ideal creation, it is significant, as a number of personnel are affected, as I will go on to explain. Individuals in the second transitional class could still be called out under the powers in sections 56, as currently drafted, 52 and 54 of the 1996 Act. There are still 7,675 personnel in the original transitional class; of those, 7,511 are ex-Regular Reserve and 164 only are volunteer Reservists. Ex-Regular Reserves are former Regulars who have left service but are accepting a commitment to Reserve duty representing their remaining liability under their original sign-up.

I hope that helps hon. Members to understand the provisions in schedule 6.

**Mr Brazier:** I have two quick points. First, although not related to the schedule, I want it on the record that I am grateful that the Government have dropped the proposal in the Green Paper that would have left the armed forces free to call people out without the approval of the current political process. While I hope that the political process will always be speedy—we can point to

several instances where it has not been—the basic discipline whereby a Reservist must be called out as the result of an explicitly political decision is a feature of legislation across the English-speaking world and is important in maintaining the essential Clausewitzian relationship between people, Parliament and the armed forces.

Secondly, I entirely understand the rationale behind protecting people's existing rights and I welcome the fact that almost all volunteer Reservists have chosen to transfer to the new conditions, but may I ask the Minister a question about something I do not fully understand? I completely understand what he said about what used to be called the Regular Army Reserve—which entirely comprises individual reinforcements, by definition, as it contains no units—and those who choose to stay with the old conditions of service. I can even understand why people joining now may want to stay under the old conditions. I hope, however, that we will not find that new transferees—ex-Regulars who, under the Government's welcome scheme, will accept a payment for transferring into the new Army Reserve, as we must get used to calling it—somehow retain a privilege and can join on a basis different from everybody else. Anybody new coming into the Reserves from the Regular Army should do so on the same basis as everybody else. If that unit is called on to provide a sub-unit, for example, or even a whole unit for a task, having a collection of ex-Regulars there on a privileged basis—bearing in mind they will have received a substantial extra sum for transferring—would be rather unsatisfactory.

**Mr Dunne:** My hon. Friend raises an important point. My sense is that we are not creating an extra class, but I need to check, so I will write to him before Third Reading.

**Mr Brazier:** I am grateful to my hon. Friend.

*Question put and agreed to.*

*Schedule 6 accordingly agreed to.*

### Clause 44

#### PAYMENTS TO EMPLOYERS ETC OF MEMBERS OF RESERVE FORCES

**Mr Jones:** I beg to move amendment 49, in clause 44, page 29, line 23, at end insert ‘, or

‘(d) undertakes activities as a special member of the reserve forces (“Sponsored Reserves”)’.

The amendment and those in the next group are probing amendments similar to those raised in the debate on the previous group of amendments, which goes to the heart of how we not only get people to join the new Reserves but encourage employers to allow them to do so. The Government have rightly recognised the pressures on some small and medium-sized businesses. Those pressures will be alleviated by the payments referred to in the clause, which have not been available before, to support such companies. Section 84 of the 1996 Act gives the Secretary of State powers to make regulations to provide for payments by him to employers in respect of financial losses.

The amendment deals with sponsored Reserves. Increasingly, we have used sponsored Reserves to carry out tasks in theatre that we would not allow civilians to do. Legislation allows support tasks, mainly, to be

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carried out by trained professionals in theatre, and the air tanker contract, for example, included sponsored Reserves. Individuals do not need to be military personnel to carry out functions in operations that are not in harm's way, but on occasion tasks necessitate it—for example, flying into combat zones or high-risk areas. Individuals and civilians can turn round and say, “No, I'm not going to fly today, because you are flying to Kandahar.” Sponsored Reservists have an obligation to do so. That has been useful in performing functions that need to be carried out by military personnel and functions that in peacetime are normally covered by civilians, but need to be carried out at times of risk. Certainly, it would be uneconomic for military personnel to carry out such tasks day to day—I gave the example of the air tanker contract. For example, flight attendants on personnel flights in peacetime do not need to be military personnel, although, having travelled on some of them, I think it might be helpful in controlling some individuals who are, quite rightly, relieved to be travelling home after a hard tour. It would be uneconomic and unnecessary to have military staff doing that. However, those going into harm's way should be military personnel or sponsored Reserves. There is a debate about getting the balance right between sponsored Reserves and military personnel. We do not want to see military personnel taken out of the front-line theatre to perform functions that could be carried out by Reservists or sponsored Reserves.

The amendment asks whether special payments could be made to sponsored Reserves. I do not think it would cover contracts such as for the air tanker, which is obviously more familiar. There are smaller contracts, companies and individuals who provide services to the military under the sponsored Reserves scheme. Has thought gone into how to expand the idea of sponsored Reserves? Knowing where the front line is in conflicts is difficult now. We had a big debate about the air tanker contract. I know the arrangement is used effectively on the roll-on, roll-off ferry contract, where most of the time those ships are used for commercial activities. In times of crisis or need the sponsored Reserves who man them can be called upon as assets to be used in areas where it would be considered unacceptable to ask a civilian to operate.

As we see the development of this area, the purpose of the amendment is to understand and expand the role of the sponsored Reserves, and to see whether payments should be made to them.

**Mr Dunne:** I am grateful to the hon. Gentleman for tabling amendments, in particular amendment 49, as it allows us to discuss the purpose of the clause.

The Bill proposes granting the Secretary of State a power, through regulations, to make payments to the employers of Reservists over and above those that may currently be made. The current scheme allows employers to recover costs incurred in covering the work of employees who are mobilised.

It might be helpful to the Committee to spell out in detail the current payments to employers. Some hon. Members on Second Reading wrongly thought that this proposal was for the only payment to employers, which is not the case. The costs that employers can currently claim in relation to mobilisation of an employee comprise what is known as the employer's award, which is up to

£110 a day, or approximately £40,000 a year. It essentially covers the replacement costs incurred by the employer, to the extent that they exceed the Reservist's earnings. The replacement costs are currently limited to the pay of a replacement for the Reservist or, if appropriate, any overtime payments to existing employees and, if relevant, an increase in salary for an existing employee who has to cover the work undertaken by the Reservist.

In addition, there are certain non-recurring or one-off agency fees, such as advertising costs, excluding VAT which can be recovered by the employer. An employer can also claim the cost of retraining a Reservist on return to work, in the event that the business has moved on during their absence and such training is needed for the Reservist's re-employment. There is no provision for additional administration costs or for the extra costs of training an external replacement for the Reservist or an existing colleague who is asked to do the Reservist's work.

10.45 am

This capped amount is intended to represent the quantifiable extra costs, over and above a Reservist's normal pay, of employing a temporary replacement. The employer is not, of course, paying the Reservist during their period of mobilisation, as they are paid directly by the Ministry of Defence. The employer incentive payments in the Bill are additional payments over and above the current claims that can be made for financial loss. Our intent is to target those payments at small and medium-sized businesses.

The new power for the Secretary of State is intended to allow him some flexibility in making regulations under the clause, for example, on which employers may receive a payment and which Reserve activities trigger entitlement to a payment. However, the current intention is that the regulations will authorise the making of payments only to employers in small and medium-sized enterprises whose Reservist employees are mobilised. The Secretary of State will be required to consult various bodies before making the regulations, including a body representing the interests of employers and the reserve forces and cadets associations.

I turn now to the specifics of the amendment. There was a proposal to include sponsored Reserves in the payments. The sponsored Reserves concept enables the Ministry of Defence to enter into a defence contract on condition that an agreed proportion of the contractor's work force undertakes a Reserve liability. Those Reservists can be trained and called out to undertake the contracted task as members of the armed forces, as we mentioned in our earlier debate. As commercial contracts are in place between those employers and the Secretary of State in respect of the service of those Reservists as sponsored Reserves, we do not consider it appropriate to make additional payments to the contractors in relation to those services: in our view, that would be a misuse of taxpayers' money because the contractors are already under contract to provide the service through the sponsored Reserves. On that basis, I encourage the hon. Member for North Durham to withdraw the amendment.

**Mr Jones:** I am grateful to the Minister for his reply. As I said, the amendment was a probing one, designed to highlight the vital role that sponsored Reserves play

in our defence capability. The debate has demonstrated not just the contribution that the sponsored Reserves make now but the one that they will make in future alongside existing Reservists under the new structure. I take on board his point about not wanting to make additional payments, and beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**The Chair:** We now come to the second group of amendments to the clause. I expect that the debate on this group, along with that on the previous group, will have given us sufficient opportunity to discuss clause stand part, so I do not propose to have a separate clause stand part debate.

**Mr Jones:** I beg to move amendment 50, in clause 44, page 29, line 36, at end insert—

‘(5A) Regulations under this section may provide for variation in payment size on the basis of the recipient company, specifically including provision for larger payments to be provided to companies defined as “small” or “medium” under Sections 382 and 465 of the Companies Act 2006 or individuals who are self-employed.’

**The Chair:** With this it will be convenient to discuss amendment 51, in clause 44, page 29, line 36, at end insert—

‘(5A) Regulations under this section may only provide for payments to be made to employers which meet the definition of a “small” or “medium” sized company under sections 382 and 465 of the Companies Act 2006 or individuals who are self-employed.’

**Mr Jones:** Again, these are probing amendments, tabled to allow the Committee to debate the role of Reservists and the new role we are asking them to perform. They are also designed to raise the issue of recruitment and how we not only encourage individuals to join the Reserves but make sure that employers are not put off allowing staff to be members of the Reserves, especially as regards financial support.

We have already debated the difficulties that some small and medium-sized enterprises have in allowing people to be members of the current TA. Clearly, if we are to get the broad cross-section from society that we require—including barristers, to whom the hon. Member for Canterbury referred—we will need in some cases to make payments to support employers.

It is worth returning to the parliamentary question tabled by the hon. Member for Bournemouth East in February 2010, in order to show where current TA members come from. Fifteen per cent. come from large organisations employing 500-plus people, 17% come from medium-sized organisations of 50 to 499 and 17% come from small organisations of one to 49 employees. Self-employed people make up 5%. We already discussed the difficulties that self-employed individuals have in committing themselves. Unemployed people, including students, make up 42%, and the mobilised TA make up 4%.

**Mr Brazier:** This is the second time that the hon. Gentleman has read that list. It is a great shame that students and the unemployed have been put together. Some of us believe that recruiting people while they are

unemployed does not necessarily make for long-term commitment. Students, on the other hand, are the backbone of the Australian Reserve and many of the best elements of the National Guard. For the record, when my former regiment, the Artists Rifles, went to war in 1914, more than half its ranks were composed of students, many of them from the Royal Society of Arts, and I believe that I am right in saying that it was the most decorated regiment in the Army, with eight Victoria Crosses.

**Mr Jones:** I am grateful for that. [*Interruption.*] My colleague says, “Artists.” It shows the history of the TA. It came from the first world war, when groups came together to meet the national need at that time. As the hon. Gentleman rightly said, they made a great contribution not only in numbers but in terms of the action that they saw.

**Alison Seabeck (Plymouth, Moor View) (Lab):** As part of my hon. Friend’s argument in favour of the amendments, he has given figures specific to the unemployed. However, it is not entirely clear how Jobcentre Plus would view unemployed potential Reservists going off for long periods, given the demands on them and the expectation that they turn up to sign on and apply for jobs on a regular basis.

**Mr Jones:** My hon. Friend makes a good point. Perhaps the Minister can address it. Again, we want to encourage people to join the Reserves, but we make payments to employees but not the unemployed. My experience of the Department for Work and Pensions, both as a Minister and as a Member of Parliament, does not fill me with a great deal of hope for joined-up government in encouraging people to take up the initiatives. Will the Minister tell us what initiatives the MOD is taking with DWP to encourage people and show them that there is an opportunity not just to contribute to the Reserve forces but to engage in career development? With reference to some of the more restrictive new regulations requiring people to make job applications and turn up for interviews, will he assure the Committee that the DWP has taken it on board that if people are mobilised, that will be viewed as a productive attempt to make themselves more employable and a key contribution to the defence of their nation? It is an important point.

The figures demonstrate that we have a long way to go in increasing recruitment in some sectors. The Government’s top-level engagement with large companies is welcome. That will clearly produce a large number of recruits to Reserve forces. The type of people the forces will get from these large companies, which put a lot of training into individuals, will be good. Carillion must spend a fortune on employing and training people to get their skill sets right, and those people will be able to transfer into the TA.

My concern on smaller SMEs is not only that we encourage people to join, but that we give the impression to employers that the TA will not be a hindrance to their business. That is why we tabled amendment 50. I am also concerned about the variance of payments for small and medium-sized businesses. That £500 might seem a lot of money, but for some companies it might need to be more than that. It might be better if we

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target more money at some of these smaller businesses, rather than giving money to some businesses that possibly do not need it.

It is important that the Committee has a better understanding—I know that regulations will be produced on how the money will be allocated—of what the criteria will be, particularly on covering costs for smaller businesses. As the Minister has said, it is not a problem for the individual, because they will be getting paid when they are deployed. If we have a limited amount of cash, which we clearly have for the support of our Reserve forces, it is important that the money is directed to those businesses and enterprises that need it. We have to encourage smaller businesses to encourage their employees to be part of the Reserves, as well as encourage the individual, so that they do not see some hindrance to their ability to make an active contribution to the Reserves.

That brings me on to the issue with small and medium-sized businesses. The Federation of Small Businesses undertook a survey in 2012, and it does not make for good reading. I accept that it is a snapshot of the present situation and, obviously, with a lot more publicity of what is happening with the Reservists, along with the dynamic approach that the Minister and his fellow Ministers will take on selling the benefits of the Reserves to employers, it might change. The survey shows the task that the Government and the MOD have in persuading small businesses to employ Reservists. The report said:

“The majority of members (76%) would not consider being a reservist. 8% are currently or have previously been a reservist; 7% would consider becoming one.”

That 76% represents a large number of individuals. It goes on to say:

“7% of members currently or have previously employed a reservist while 38% would consider doing so in the future.”

That shows that we need to put some effort into this area.

I accept that we can make arguments to small businesses on how the Reserves are great for career development. I also accept that the extension of learning credits and other things will help both the individual and the employer, which will see that the individual is not only making a contribution to the defence of the country, but developing an extra skill set. The amount of effort made, however, will come down to finances.

The Government rightly listened to small businesses on the financial support proposals that were put forward, and I welcome that. One of the things that small businesses do well is innovate. Some of the skill sets that we want for the new Reserve forces will come from small and medium-sized enterprises. We have already touched on the issue of cyber. Most small computer companies—I cannot remember the figure off-hand; I should have looked it up—are one, two or three-people businesses. It is important that we attract those individuals and get them to come forward with their skills. According to the Federation of Small Businesses survey, the vast majority of small businesses have not heard of the MOD’s employer awareness work. The task that the MOD now faces is to ensure that employers know about the benefits of joining and the financial support that is in place.

11 am

Amendment 50 seeks to explore the Government’s thinking on the £500 payment when it comes to small and medium-sized enterprises. How did we get to that figure? Can it be changed to ensure that the money is directed towards those sectors? As has been said, the difference between “small” and “medium” can be quite large—“small” can mean up to 49 employees. Is that necessarily the correct way of directing the money? This is about targeting the assistance at the companies that need it, although I do not want to give the Minister the impression that we oppose the clause, which is a welcome move. However, it will take more than just money to encourage small and medium-sized businesses to employ Reservists; it will take a lot of effort from the MOD to ensure that they do not see it as a barrier to their businesses.

**Mr Ellwood:** When we discussed changing the name of the Reserve, I asked the Minister to say whether he supported having a single event to mark the change. I would be grateful for the answer to that.

The hon. Member for North Durham raised some interesting issues about the make-up of the new Reserve force and whether it will come from a full spectrum of small to large businesses, but what will this larger force—this greater number of soldiers—actually do? We have not yet discussed that question in this Committee. Perhaps it is beyond the scope of the Defence Reform Bill. However, if it is not appropriate to discuss it here, I would ask the Minister for another opportunity to debate in more detail what the make-up of the new Reserve force will actually do.

We have discussed our involvement in Iraq and Afghanistan at length in our debates on the Bill. I would argue that the war fighting was completed quite quickly in both cases, but we fell foul of stabilisation, peacekeeping and nation-building. We did not succeed in those arenas. In my view, that will be no different from some of the challenges we will face in the future.

The hon. Gentleman mentioned one small aspect of the need to increase our cyber-security capability, which the Army does not necessarily have and which it would need to lean on the civilian sector to gain.

**Mr Jones:** In relation to cyber, there might be advantages from using Reservists. As the hon. Gentleman and I know—I think we all do—technology changes so rapidly in that sector that the best people to deal with it might be those working on it on a day-to-day basis.

**Mr Ellwood:** I absolutely agree, but that applies not only to cyber, but to the full range of capabilities. General Charles Krulak wrote a study about what he called the “three-block war”. In the late 1990s, he proposed that any infantry soldier needs to be able, on one block, to conduct warfare; on the second block, to conduct stabilisation or peacekeeping activities; and, on the third block, to conduct humanitarian tasks. Therefore, in comparison with the Regular soldier, the TA soldier or Reservist, in bringing their civilian skill sets to the fore, is better placed in the post-conflict world. That goes for cyber, as the hon. Gentleman says, but also for banking, which has been mentioned, setting up local

councils to ensure accountability of the democratic process, engineering and every other aspect of civilian society.

That was missing in Afghanistan and Iraq. Our soldiers went in and removed the enemy very swiftly, but then there was a pause, while they looked over their shoulders, waiting for a wave of civilian capability to take over responsibility for building society in ways that the military is not trained for. I would argue that the military should take on a greater role during the window of opportunity that exists after the enemy is defeated and before it can regroup, while soldiers are seen as liberators, not occupiers. I therefore pose the question: what are the people we are looking to recruit from the wide spectrum of civilian forces actually expected to do? If they are expected to do more post-conflict work, we should recruit exactly such people. I am concerned that in simply saying, “Let’s increase the size of the Reserve,” we are not saying what we expect it to do. I urge the Minister to say when, if not today, we can have that important debate.

**Mark Pawsey:** On support for businesses, will the Minister say something about the idea of a charter mark or some other type of recognition for those businesses that take on Reservists, so that they can make that known to customers and the wider community?

**Mr Dunne:** I will endeavour to respond to hon. Members’ comments. [*Interruption.*] As the hon. Member for North Durham chose to leave the Committee Room just as I rose to speak, I will address the points raised by other hon. Members first. I think that it is a first in this Committee for a Member to move an amendment and not be here to listen to the response. We could proceed more rapidly, but I am sufficiently friendly with him not to embarrass him further by seeking to move on.

I will start with the hon. Member for Plymouth, Moor View, who asked what the Ministry of Defence is doing, with the Department for Work and Pensions in particular, to encourage the unemployed to consider Reservist occupations, and about how that would fit in with their requirement to sign on for benefits. She makes a perfectly reasonable point. I do not have the answer to that here, but I shall write to her about it, because we are in discussion with the DWP precisely to ensure that those who receive benefits are not disadvantaged.

**Alison Seabeck:** I thank the Minister, and I look forward to the response from him and the DWP. The title of the clause is “Payments to employers etc”—I assume that the “etc” means other partners or people who may be disadvantaged financially. Potentially, the DWP could be slightly disadvantaged financially, because it will have additional administrative costs if it is managing someone who may or may not go into the Reserves or be called up. Have there been discussions or any consideration given to how that element of working with the unemployed will be managed?

**Mr Dunne:** As I said, I intend to write to the hon. Lady about how we will work with the DWP. I have to say that using the word “etc” in a title gives rise to questions about what might be covered. I assume that it covers partnerships—other organisations that are employers, but are not necessarily businesses.

My hon. Friend the Member for Rugby asked about a charter mark for good employers who employ Reservists. The corporate covenant that has been established is the way in which a charter mark might be developed. He makes a good point, and I will ensure that the Under-Secretary of State for Defence, my hon. Friend the Member for Broxtowe (Anna Soubry), who is responsible for personnel and veterans and has responsibility for introducing the corporate covenant, takes it on board.

My hon. Friend the Member for Bournemouth East made the point that we should consider having a further debate on the whole scope of the use of our Reservists. I draw his attention to the White Paper—which I am clutching in front of me—which was debated on the Floor of the House in July and has a clear exposition of the intended use of Reservists. As we have discussed, and as my hon. Friend the Member for Canterbury described earlier, the intended use runs the gamut of activities that the Regulars undertake and will do so increasingly in conjunction either with individuals or with sub-units or formed units of the Reservists. I am sure that there will be opportunities for further debate in the House, whether through Backbench Business Committee debates or debates called by others. Indeed, as my hon. Friend will know, only last week a debate covered, in part, the role of the Reservists, and that was responded to by my right hon. Friend the Minister for the Armed Forces.

My hon. Friend the Member for Canterbury also asked whether we should mark the end of the use of the name “Territorial Army” in some way. During 2014, a large number of events will be held to recognise the centenary of the start of world war one. It might be appropriate to consider whether some of them should have an element specifically related to the name “Territorial Army” coming out of use. I shall raise that with my colleague the Under-Secretary of State for Defence, my hon. Friend the Member for South West Wiltshire (Dr Murrison), who is responsible for international security and strategy and who also has the Prime Minister’s special envoy status for the world war one commemorations. It is a good suggestion on the part of my hon. Friend the Member for Canterbury.

**Alison Seabeck:** Perhaps I can save the Minister time on what the “etc” means—it appears to be in the regulations set under the 1996 Act, which allow the making of payments to partners for the person carrying on the business. However, I come back to my question of how the DWP fits in if it has administrative costs.

**Mr Dunne:** I think I said that I assumed that partnerships would be covered, so perhaps we are thinking along the same lines, but I will respond to the hon. Lady’s point about the DWP.

I am grateful to the hon. Member for North Durham for tabling the amendments that allowed us to have this debate. He referred to the survey undertaken by the Federation of Small Businesses as an illustration of why we need to raise awareness, particularly among small businesses, of the role of Reservists. He is right to refer to that survey. I congratulated Mike Cherry when he gave oral evidence to the Committee about having undertaken the survey, which I think is the first such survey undertaken. The hon. Gentleman referred to some of the survey’s conclusions and pointed out that

[Mr Dunne]

38% of respondents would consider employing Reservists and that 7% do. Taken together, a 45% positive response to employing Reservists is a strong indication of support for the position of Reservists in an employee base, even among small companies. I am perhaps more of a “glass half full” man than the hon. Gentleman, and I take that to be a positive endorsement of what we seek to do.

11.15 am

We may come on to what we are doing to raise awareness in the discussion on new clauses later today. However, the campaign that followed the launch of the White Paper in July was kicked off just over a month ago, on 16 September, to raise awareness of the new recruitment drive under the provisions we are discussing today. It is therefore early days, but we are absolutely aware that it is incumbent on the Ministry of Defence and all the armed forces—particularly the Army, whose target is the most challenging—to encourage all their units to play their part in raising awareness and recruitment.

Let me turn to amendments 50 and 51, which the hon. Gentleman said were probing amendments. It is important to discuss them briefly and explain why they are not necessary. In themselves, they seem to be alternatives, one for the other, depending on the size of the employer’s business. [Interruption.] The hon. Gentleman is confirming that. It is important to recognise that although all employers might feel an impact from the medium or long-term absence of staff, those with the fewest staff are most likely to be affected. As the hon. Gentleman acknowledged, we have listened to employers during the consultation on the Green Paper, and we seek to reflect their concerns in the regulations.

Amendment 50 would allow the regulations to provide for the sums payable to vary depending on the size of the employer’s business. In particular, it would allow larger payments to be made to small and medium-sized businesses and to employers who are self-employed. In our view, the effect that the amendment seeks to achieve is already achieved by proposed new section 84A, taken together with the amendments made to section 85(1) of the Reserve Forces Act 1996. They give the Secretary of State the flexibility to provide in the regulations so that the sums payable may vary depending on the size of the employer’s business. We therefore do not think that amendment 50 is necessary.

**Mr Jones:** I am grateful to the Minister for that, but will he say how such a system will operate in practice?

**Mr Dunne:** I will come to that in a moment, when I explain exactly which businesses will benefit. Before I do, let me cover amendment 51, which would limit the employers to whom payments may be made under the regulations. It would mean that payments could be made only to employers in small and medium-sized businesses and employers who are self-employed. The current intention is that the regulations will authorise the making of payments only to employers in small and medium-sized enterprises and not the self-employed. That is because larger companies are more likely to be able to absorb the costs and disruptions associated with absences from work for Reserve duties.

The problem with amendment 51 is that it would give the Secretary of State no flexibility to provide for payments to be made to other employers, should there be evidence to support doing so in due course. That flexibility is important. We have not included the self-employed, as the payment is to be made in recognition of the impact on employers. The self-employed Reservist has elected to become a Reservist and so has accepted the risk of being mobilised themselves. Were we to pay them, we would in effect be handing the self-employed Reservist an additional £500 a month, as a pay rise when mobilised. We do not believe that that is a good use of taxpayers’ money nor do we think it would be well received by Reservists who are not self-employed or by the Regulars.

**Mr Jones:** What if the self-employed person had a business that he or she needed to continue? Obviously that would not be covered by wages, but such people might be trying to fulfil a contract that was halfway through when they were mobilised, for example. If they had to get in some resources to finish the contract, how would that be accommodated?

**Mr Dunne:** In those circumstances, a business that was continuing to fulfil its contract would do so by hiring in resources, which could be remunerated under the employer’s award, as though the business were employing the individuals. In such circumstances, self-employed people could continue to fulfil contracts by taking on an employee or a contractor to undertake the work for them, and thereby become eligible for the employer’s award.

We intend to keep the payments under review. If we need to make alterations and adjustments in future, we should have the flexibility to do so. A draft of the statutory instrument will not be available until the Bill enters the House of Lords. The public sector should be providing a lead on the employment of Reservists—for example, by providing special leave for training. However, it is not appropriate for one Department to pay another simply for following Government policy, so the measure will not apply to public sector employers.

Payments are already available to employers of Reservists to reimburse them for any defined costs arising by reason of their employee being called up for service, as discussed earlier. To answer the hon. Gentleman’s question, the intention is to provide in regulations for payments to be made to employers in small and medium-sized enterprises for each month that a Reservist employed by them is mobilised, with payments being made at the rate of £500 a month. For these purposes, our definition of an SME is a business employing fewer than 250 people and having an annual turnover of less than £25 million.

The current thinking is that the new payments should be aimed at SMEs, and the Government are committed to providing them with support in general. The Committee has heard about the importance of SMEs to both Government and Opposition Members. We appreciate that the burden of Reserve commitments can fall particularly hard on small businesses, especially if they have few employees. The Committee might recall that the Federation of Small Businesses welcomed the payments during the oral evidence session, while the Confederation of British Industry took a similar position in its written evidence to the Committee, to which the hon. Gentleman

referred. I would say that this measure is yet another example of this Government listening to small employers, so I am pleased that he recognises that we have responded positively to the concerns of small business.

A draft of the regulations that will be made under proposed new section 84A of the 1996 Act will be available early in November and will contain detailed rules governing the making of payments. I am sorry that the draft regulations were not available for consideration in Committee, but I will ensure that they are sent to Members as soon as they are produced. On that basis, I encourage the hon. Gentleman to withdraw his amendment.

**Mr Jones:** I thank the Minister, and I look forward to seeing the draft regulations. It will be important to get them right if we are to attract people from small and medium-sized businesses.

I am a little concerned that the upper figure is 250 people—that is a large company, certainly in my area. Once the regulations have been produced—for example, if they are available on Report—perhaps we can look at targeting the money more effectively at smaller employers. Getting the skill sets that we are looking for might mean paying more than £500 in some instances. For certain skills—I return to the issue of specialist cyber-skills and so on—that figure might not cover small companies employing two or three people. The flexibility in the regulations to pay more and attract certain skills sets—

11.25 am

*The Chair adjourned the Committee without Question put (Standing Order No. 88).*

*Adjourned till this day at Two o'clock.*

